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RECONFIGURING EU DEMOCRACY
SUPPORT. TOWARDS A SUSTAINED
DEMOS IN THE EU'S EASTERN
NEIGHBOURHOOD

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Putin, the Near Abroad, Leverage and Linkage

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What did Putin misunderstand about Russia's 'near abroad'? In short, he did not understand that a higher linkage between Russia and its 'near abroad' could lead to increased leverage, not the other way around. A basic understanding of reverse sequence effects might have spared the world from the extraordinary human and material losses inflicted by the full-scale military invasion of Ukraine. Before expanding on this answer, let us briefly recall what the concepts of leverage and linkage entail.

Leverage and linkage

In a well-received book that also covers countries from Russia's 'near abroad', Levitsky and Way (2010) define leverage as a state's vulnerability to external pressure, which can be military, political, diplomatic, or economic in nature. The greater the external leverage, the more a target state may succumb to foreign influence. Such target states have low bargaining power and can become vulnerable to external military and economic punitive actions.

On the other hand, linkage is defined as the density of ties (political, economic, social, and cultural) and cross-border flows (of capital, goods, services, people, and information) between a given country and external third actors. The relationship between linkage and influence is assumed to be similar: the greater the external linkage between a given target state and an external actor, the higher the influence of the latter on the former. Understanding how the European Union (EU) and Russia have sequenced their use of leverage and linkage is key to grasping their influence in their common neighbourhood.

EU's sequence of leverage and linkage

At the beginning of the 1990s, the EU possessed little influence over Armenia, Azerbaijan, Belarus, Georgia, Moldova, and Ukraine. However, it soon became clear that the EU *prioritized extending linkage over leverage* as a strategy to gain influence in this region. The initial step involved institutionalizing bilateral relations through Partnership and Cooperation Agreements (PCAs), concluded with all countries in the region, except for Belarus. The PCAs established a framework for political dialogue and laid the groundwork for economic and commercial relations, extending the most-favoured-nation clause to those countries that ratified the agreements. The PCAs also provided a framework for the allocation of financial assistance through the TACIS program. By 2003, the EU disbursed EUR 339.38 million to Armenia, EUR 320.99 million to Azerbaijan, EUR 361.7 million to Georgia, EUR 251.52 million to Moldova, and EUR 1,986.22 million to Ukraine. At the same time, the EU's leverage and its influence in the region remained very limited.

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The EU made use of the European Neighbourhood Policy (ENP), launched in 2004, to further extend its linkage with the newly acquired eastern neighbours. The EU concluded individual ENP Action Plans (ENPAPs) with all countries in the region, except Belarus. The ENPAPs establish the conditions for increased linkage in multiple domains, including political and security dialogue, bilateral trade, visa policy, education, and cultural exchanges. The EU also promised increased financial assistance to those partners that will go along with the agreed agenda in political reform. In 2004-2008, the EU disbursed amounts of EUR 160.98 million to Armenia, EUR 119.2 million to Azerbaijan, EUR 403.3 million to Georgia, EUR 248.18 million to Moldova, and EUR 678.19 million to Ukraine. In a unilateral move, the EU has also granted the Generalized System of Preferences+ (GSP+) to Georgia and Moldova in 2006. The GSP+ was

substituted with Autonomous Trade Preferences (ATP) for Moldova in 2008 and extended to Armenia in 2009. This upgrade in trade preferences could not leave unaffected the pattern of bilateral trade, which increased from 18.56% to 40.05% for Armenia, from 8.58% to 39.58% for Azerbaijan, from 3.86% to 23.02% for Georgia, from 23.34% to 45.08% for Moldova, and from 15.79% to 29.41% for Ukraine in the period 1994-2008. Furthermore, the EU introduced visa facilitation agreements that simplified the issuance of visas for certain categories of Moldovan and Ukrainian citizens in 2008. Given the extended linkage under the ENP, the EU also acquired a modicum amount of leverage.

The launch of the Eastern Partnership (EaP) in 2009 created new momentum for a higher EU linkage with the region. The EU increased further the volume of its financial assistance, disbursing in 2009-2013 amounts of EUR 411.34 million to Armenia, EUR 229.11 million to Azerbaijan, EUR 216.24 million to Belarus, EUR 1,168.5 million to Georgia, EUR 757.41 million to Moldova, and EUR 1,648.13 million to Ukraine. Since 2012, visa issuance facilitations have also been extended to Georgia. By June 2014, the EU could already capitalize on a significant amount of leverage, which influenced the decision of Georgian, Moldovan, and Ukrainian elites to sign Association Agreements (AAs) with the EU. The signing of the AAs represents the first formal confirmation that increased linkage can lead to greater leverage.

In short, from being an international actor with both low linkage and leverage at the beginning of 1990s, the EU evolved into an actor with a notable amount of linkage and leverage in its eastern neighbourhood.

In the post-AAs period, the EU continued to prioritize linkage over leverage. In 2014-2022, the EU increased again the amount of its financial assistance to EUR 1,282.90 million for Armenia, EUR 523.68 million for Azerbaijan, EUR 765.16 million for Belarus, EUR 2,856.20 million for Georgia, EUR 1,967.49 million for Moldova, and EUR 15,490.97 million for Ukraine. Overall, the total volume of financial assistance provided by the EU and its member states to the entire eastern neighbourhood since 1991 amounts to approximately EUR 31 billion. Note here that whilst Moscow used deleterious actions against countries that signed AAs with Brussels, the EU has instead *tripled* the volume of its financial assistance to

countries – Armenia and Belarus – that joined the concurrent Eurasian Economic Union (EAEU) in 2015. The EU also provided ATP to Ukraine to cushion the severe economic losses resulting from the annexation of Crimea and insurgency in the Donbas region and put free trade agreements with Georgia and Moldova in place in 2017. In addition, visa issuance facilitations have been extended to Armenia in 2014, to Azerbaijan in 2015 and even to Belarus in 2020. In April 2015, Moldova became the first country in EU's Eastern neighbourhood to benefit from visa-free travel to the EU. Georgia and Ukraine followed suit with similar visa-free regimes in 2018. In short, from being an international actor with both low linkage and leverage at the beginning of 1990s, the EU evolved into an actor with a notable amount of linkage and leverage in its eastern neighbourhood. In simplified form, the EU's approach to sequencing leverage and linkage in this region can be represented as in Figure 1 below.

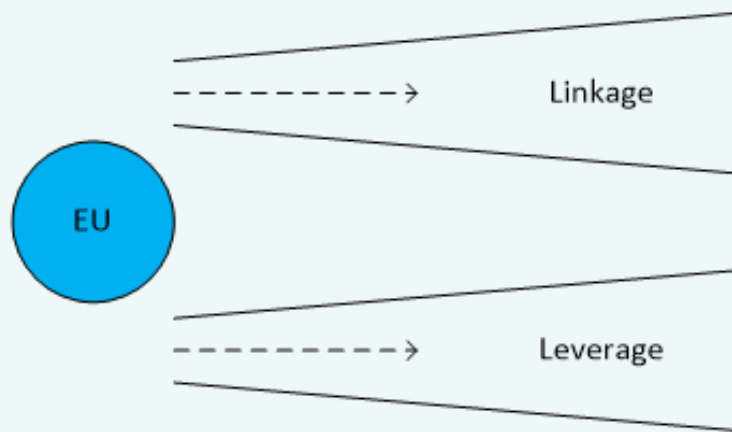


Figure 1: EU's sequence of leverage and linkage

Russian sequence of leverage and linkage

Although the Soviet implosion led to a certain loss of influence, Russia still retained reasonable amounts of linkage with and leverage over its 'near abroad', possessing significant competitive advantages over the EU at the beginning of the 1990s. However, unlike the EU, Russian incumbent elites, especially under Putin's administration, chose to prioritize restoring leverage over linkage. This approach became immediately apparent during Yeltsin's era when Russian ruling elites chose to support separatist movements in South Ossetia, Abkhazia, and Transnistria at the expense of the central governments in Georgia and Moldova. Controlled by and dependent on Russia, these separatist regimes became bargaining chips in Moscow's long-term strategic game to restore influence over Tbilisi and Chişinău.

However, unlike the EU, Russian incumbent elites, especially under Putin's administration, chose to prioritize restoring leverage over linkage.

The colour revolutions that engulfed Georgia in 2003 and Ukraine in 2004 represent the triggers that urged Moscow to reconsider its leverage in the region. As Georgia looked westward under the presidency of Saakashvili, Rospotrebnadzor imposed bans on wine and mineral water imports from Georgia in 2006. A similar ban was imposed on wine imports from Moldova in 2006 in retaliation for president Voronin's refusal to sign the Kozak memorandum that sought to transform Moldova into a federation and legitimize Russian military presence in Transnistria.

As the pro-EU leaning Viktor Yushchenko and his pro-Russian contender Viktor Yanukovich entered the race for the highest public office in Ukraine in 2004, Yushchenko survived a poisoning attempt with laboratory-produced dioxin by individuals who fled to Russia to avoid criminal investigation in Ukraine. Although it has yet to be fully demonstrated, indirect evidence suggests Russia as the most likely source of the poisonous dioxin used to neutralize Yushchenko. Unlike Georgia, which was subjected to trade bans, Russia orchestrated gas supply crises in the winters of 2005-2006 and 2009, penalizing Kyiv for its pro-EU orientation under Yushchenko's administration.

Another clear example of Russia's intention to restore leverage and influence was its military incursion that stopped short of the Georgian capital in 2008. The campaign ended with a French-brokered ceasefire

agreement and resulted in Russia recognizing South Ossetia and Abkhazia as independent states. In response, Georgia suspended its diplomatic relations with Moscow and withdrew from the Commonwealth of Independent States (CIS), which substantially reduced the political linkage between the two countries.

The most sustained campaign to restore leverage in its ‘near abroad’ was launched in 2013 with the aim of derailing the association between Armenia, Georgia, Moldova, and Ukraine, on one side, and the EU, on the other. Armenia’s association was successfully derailed in the autumn of 2013. Note here that the most salient rationale of ensuring Russian security support, which forced Armenia to join the EAEU, did not materialize in 2023, when Azerbaijan managed to regain full territorial control over Nagorno-Karabakh. As Moldova was preparing to initial its AA with the EU, Rospotrebnadzor imposed another ban on wine imports from Moldova in August 2013. Additionally, when the Ukrainian crisis was fully underway in 2014, Moscow stopped importing certain vegetal and animal products from Ukraine and Moldova.

However, trade embargoes and restrictions had boomerang effects, reducing economic linkage between Russia and target countries. For instance, targeted with repeated trade bans, Moldovan wine producers shifted from producing low-quality to high-quality wines and redirected their market focus from Russia to the EU. The result of this reorientation was that in several years Romania overtook Russia as the primary trade destination for Moldovan wines. More generally, increased trade-related levers led clearly to reduced commercial linkage. The share of the Russian market diminished from 20.70% to 12.26% in the case of Georgia, from 49.03% to 11.73% for Moldova, and from 47.19% to a staggering 6.72% for Ukraine from 1994 to 2021. Thus, the Russian approach to sequencing linkage and leverage in its ‘near abroad’ is represented in simplified form in Figure 2 below.

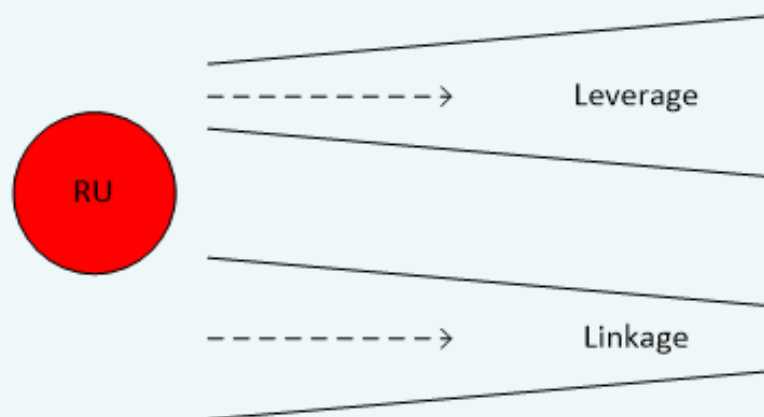


Figure 2: Russian sequence of leverage and linkage

The figure above suggests that the more Russia sought to exercise leverage over target countries, the more this resulted in diminished linkage. When increased leverage fails to secure the intended influence, the remaining options are to either give up or, conversely, seek direct territorial control, which can be achieved through... blunt military aggression and war.



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